

The November 5, 2015, meeting was called to order at 9:00 a.m. in the Tax Commissioner's Conference room by Pat Albro, Chair of the Committee.

In attendance were: Pat Albro, designee of the Property Tax Administrator; Lori Johnson, private sector appraiser; Rob Ogden, representing the county assessors; and John Wiechmann, representing the low income housing industry. Also from the Department of Revenue, Property Assessment Division, were Jon Cannon counsel for the Committee and Jim Koch acting as secretary.

Ms. Albro read the open meetings law provisions as applicable to the meeting.

Ms. Albro asked for public comments from others in attendance either in person or by telephone. In attendance was Jack Baker, appraiser with Douglas County Assessor. After a delay in communications, Charlene Schwemmer, of Cass County, was in attendance by telephone. There were no public comments at this time.

The minutes of the September 17, 2015, meeting were read. After a brief discussion Rob moved to approve the minutes as read. John Wiechmann seconded the motion. Lori Johnson, aye; Rob Ogden, aye; John Wiechmann, aye; and, Pat Albro, aye. 4 ayes, no nays the motion passed.

Ms. Albro reported that the information the Department had received was entered into an Excel spreadsheet for further analysis. The income and expense form information, the mortgage information, and the information from the Land Use Restriction Agreement (LURA) summary page was entered, when provided, for each project reporting. Two hundred sixty-three projects forwarded at least some information for consideration. Not all of the information requested was provided and not all was provided in the expected format.

Mr. Ogden reminded the members that the law requires filing with the state and the county in order for the project to receive any consideration under the provision of the law. If a project had not filed in both places it was determined the assessor could use any professionally accepted mass appraisal method to determine actual value of the project property.

After seeing the amount of information received, members of the Committee agreed that they would like the opportunity to review the information on their own with the ability to sort through the data. Each member will be provided a copy of the Excel spreadsheet for review.

Mr. Wiechmann suggested the Committee decide on a formula for calculating the capitalization rate according to the law. The law anticipates the use of a 'band-of-investment' method with the equity portion weighting of 80% and the debt ratio of 20%. The first determination of the Committee will be whether the 80/20 apportionment is supported by the data collected.

Ms. Johnson explained the band-of-investment method for all to consider. The weighted rate is calculated as:

$$20\% \times \text{Mortgage rate} + 80\% \times \text{Equity rate} = \text{Weighted Rate.}$$

Mr. Wiechmann has information to share with the committee regarding the equity return rates for the projects he is familiar with. He may be able to share appraisal reports from the projects if he can get permission from the clients and/or the appraisers. The Committee agreed that this would be of interest and would be one more source to support an over-all rate that might be appealed to the Tax Equalization and Review Commission (TERC).

Ms. Albro provided two lists of projects that need further attention. The first list is of projects that did not appear to be projects subject to the law as they were not listed as 'tax credit' properties by Nebraska Investment Finance Authority (NIFA) or they were financed using bonding authority. Mr. Wiechmann said these 'bond' financed projects are subject to the same restrictions as Section 42 properties. Properties financed with these bonds receive a lesser amount of tax credits.

The second list was of the properties with fewer than five residential units. The Committee determined that if the project did not meet statutory requirements the information from those projects need not be considered when analyzing the data.

Ms. Albro will contact NIFA for determining the qualification of the first group of projects. The managers for the projects on the second list will be contacted to let them know they are not considered 'qualified projects' under the law. County assessors where those properties are located will also be contacted with this determination.

The Committee set the following goals for the November 12, 2015, meeting:

1. Review the shared information.
2. Determine whether a different relationship in debt and equity is supported.
3. Determine if there are trends that need to be recognized for different project locations.
4. Agree on the necessary data to be input into the 'band-of-investment' formula.

By meeting these goals the Committee should have a 'skeleton' for the report to assessors.

Mr. Ogden moved to recess the meeting until November 12, 2015. The motion was seconded by Ms. Johnson. The motion was unanimously approved.